



California Public Utilities Commission Committee on Finance and Administration



Strategic Directive 07 – Economic Prosperity

Ed Randolph, Deputy Executive Director of Energy Division
Lucian Filler, Deputy Executive Director of Communications and Water
Stephanie Green, Business and Community Outreach Supervisor





Strategic Directive 07 - Economic Prosperity

The CPUC promotes a strong California economy that provides jobs and general prosperity.

Within its jurisdictional authority, the CPUC will:

1. Encourage regulated entities to purchase goods and services competitively from a wide and diverse range of potential suppliers;
2. Encourage innovation, competition, and consumer choice in the services and technologies available to consumers;
3. Analyze and seek to minimize the costs and adverse economic impacts of regulatory actions.





Strategic Directive 07 - Economic Prosperity

1) Encourage regulated entities to purchase goods and services competitively from a wide and diverse range of potential suppliers;

2) Encourage innovation, competition, and consumer choice in the services and technologies available to consumers;

3) Analyze and seek to minimize the costs and adverse economic impacts of regulatory actions.

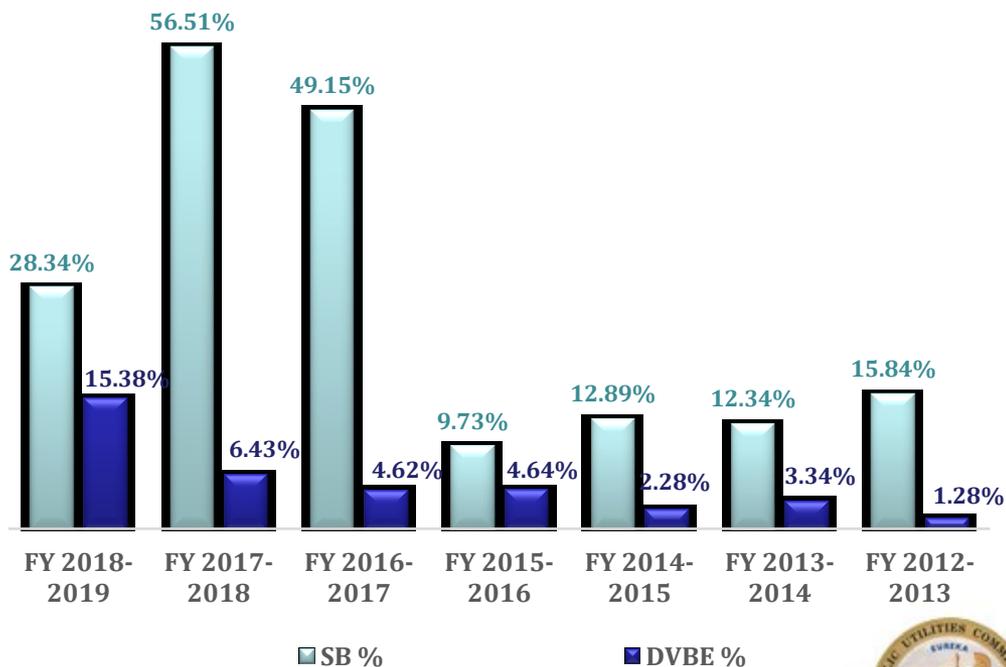




CPUC SB/DVBE Business Program

- As part of California's goal to meet 25 percent procurement from small businesses (SB) and 3 percent from disabled veteran business enterprises (DVBE), in the 2018-2019 fiscal year, the CPUC exceeded these goals.
 - **Small Business: 28.34%**
 - **DVBE: 15.38%**

	Total Contract \$ in millions	SB \$ in millions	DVBE \$ in millions
FY 2018-2019	\$79.1	\$22.42	\$12.16
FY 2017-2018	\$16.24	\$9.18	\$1.04
FY 2016-2017	\$19.02	\$9.35	\$0.88
FY 2015-2016	\$93.70	\$9.11	\$4.35
FY 2014-2015	\$102	\$13.11	\$2.32
FY 2013-2014	\$99.35	\$12.26	\$3.32
FY 2012-2013	\$116.64	\$18.48	\$1.50

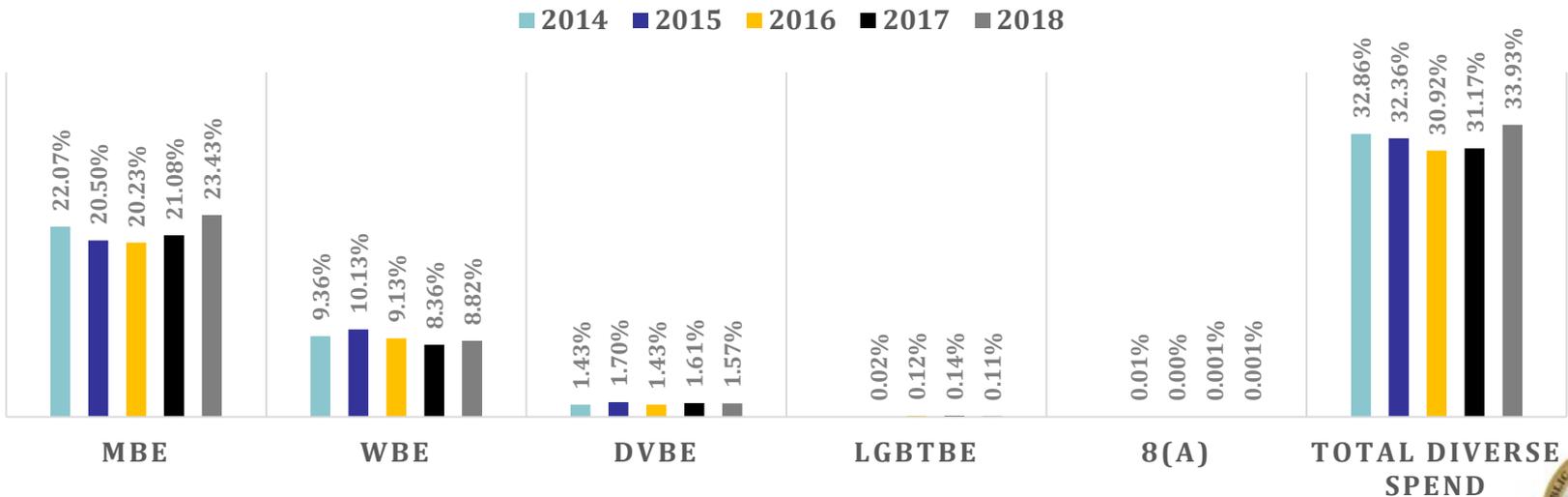




Utilities Procurement from Diverse Suppliers

	2014	2015	2016	2017	2018
MBE	\$5.82 billion	\$5.59 billion	\$6.13 billion	\$7.13 billion	\$8.50 billion
WBE	\$2.47 billion	\$2.76 billion	\$2.77 billion	\$2.83 billion	\$3.20 billion
DVBE	\$377 million	\$464 million	\$435 million	\$544 million	\$571 million
LGBTBE		\$6.12 million	\$36.6 million	\$48.2 million	\$38.77 million
8(a)		\$1.57 million	\$1.01 million	\$414,857	\$292,006
TOTAL Utilities Diverse Spend	\$8.67 billion	\$8.82 billion	\$9.37 billion	\$10.55 billion	\$12.32 billion

2014 - 2018 DIVERSE SPEND PERCENTAGE COMPARISON





Small and Diverse Business Programs Outreach

- In 2018, staff attended more than **70 events** to promote CPUC's business programs. So far in 2019, staff has participated in more than **40 business events**.
- In 2018, the CPUC hosted two business Expos to promote procurement opportunities and educate businesses by creating the opportunity for small and diverse businesses to meet with experts in procurement from public agencies, utility companies and resource centers. The events attracted about a **1,000** small and diverse businesses. In 2019, the CPUC has held one business Expo that had more than **500** business attendees and we will hold a second expo in October.
- The CPUC hosted a Public Hearing on General Order (GO) 156 in 2018 to discuss utilities' 2017 GO 156 performance and 2018 GO 156 plans. We will hold our next GO 156 En Banc on October 3, 2019.





Strategic Directive 07 – Economic Prosperity

1) Encourage regulated entities to purchase goods and services competitively from a wide and diverse range of potential suppliers;

2) Encourage innovation, competition, and consumer choice in the services and technologies available to consumers;

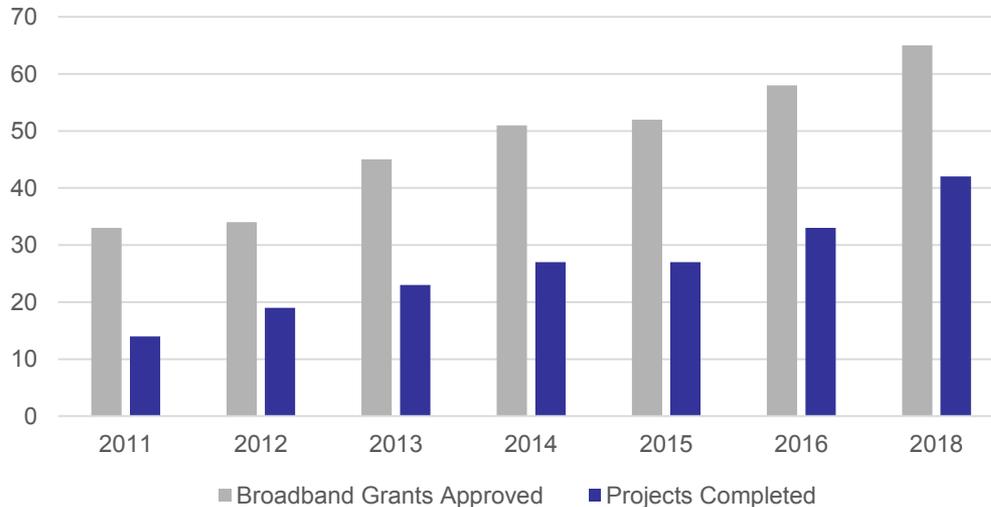
3) Analyze and seek to minimize the costs and adverse economic impacts of regulatory actions.



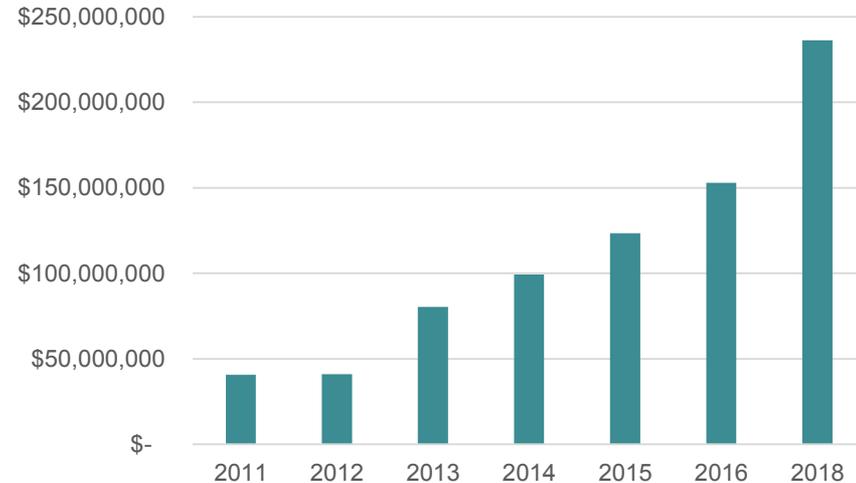


Serving Unserved Rural (Disadvantaged) Areas

CASF Infrastructure Grants Approved & Completed (cumulative)



CASF Infrastructure Grant Amounts Awarded (cumulative)



- Under statute, households in census blocks with internet service at speeds below 6 Mbps downstream and 1 Mbps upstream (6/1) are eligible for a CASF infrastructure grant, provided they are not also eligible for Connect America Fund.
- As of December 31, 2017, 3.5% of California households were in census blocks that met the criterion of less than 6/1 for wireline and fixed wireless broadband.





Number of Licenses in CA

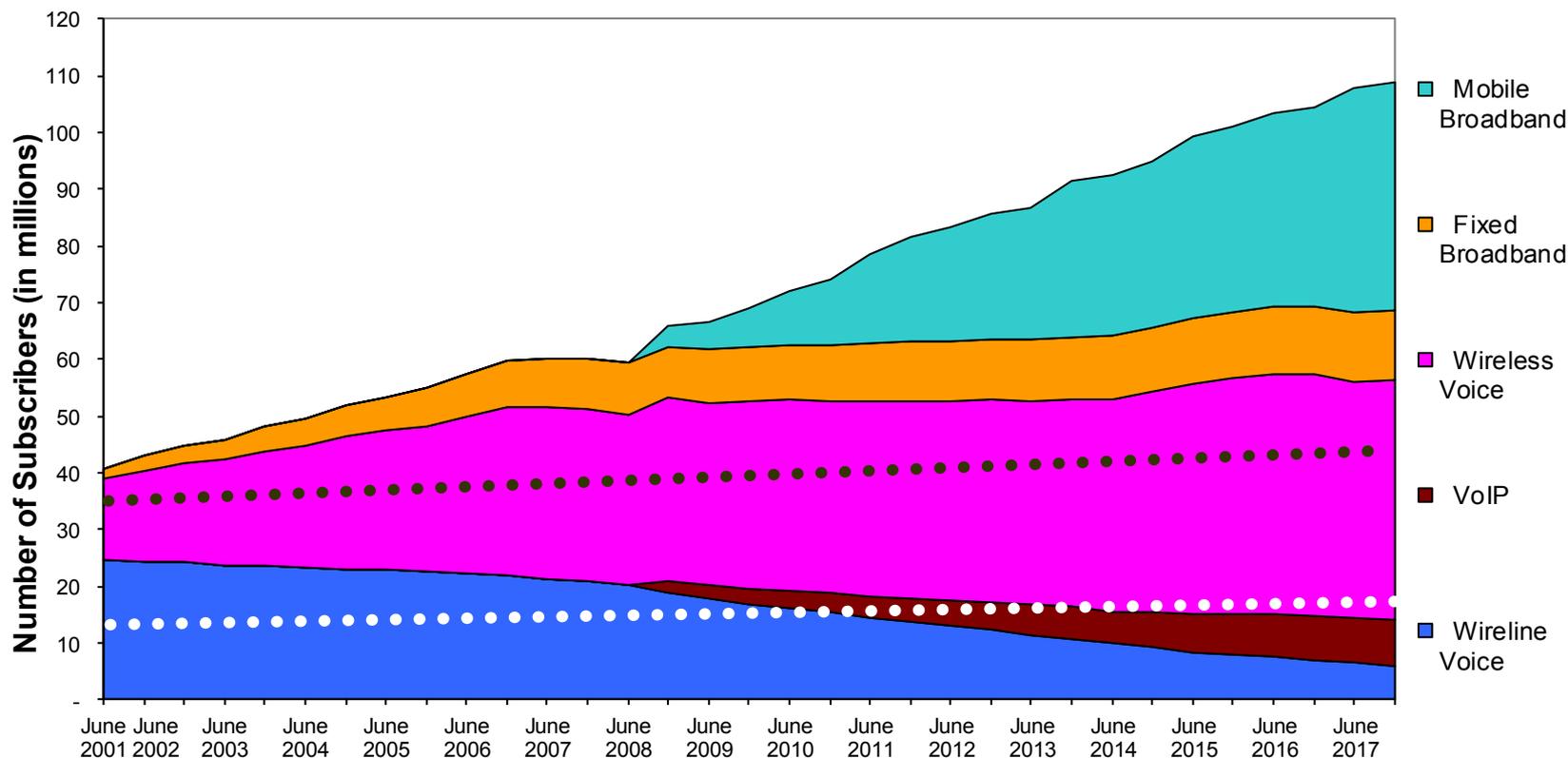
Service Provider Type	2018	2019
Voice over Internet Protocol (Telephone)	414	462
Long Distance – Facilities Based	220	209
Competitive Local Exchange Carrier – Facilities Based	188	185
Long Distance – Resellers	173	172
Competitive Local Exchange Carrier – Resellers	149	155
Wireless – Resellers	111	110
Video Franchise Holders	54	55
Wireless – Facilities Based	20	21
Local Exchange Carrier – Facilities Based	19	19
Two-Way Radio / Paging	4	3
Paging / Messaging – Wireless	2	2
9 Total	1,354	1,393





Over 100 Million Broadband and Voice Connections Intermodal Competition / Consumer Choice

Subscribership Trend of All Communications Services In California by Technology June 2001 - December 2017 (in Millions of Subscriptions)



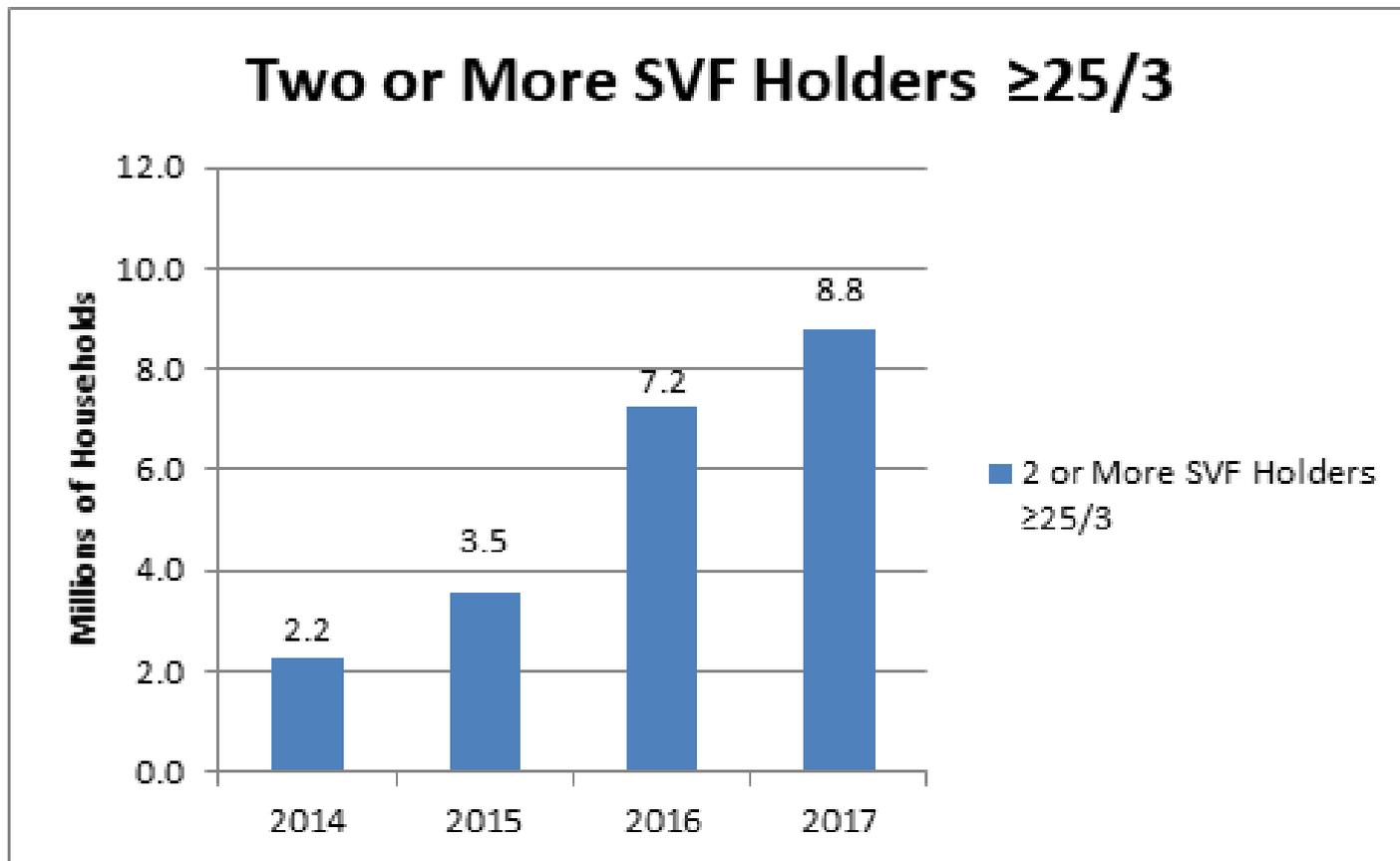
sources: FCC Form 477 filings, June 2001- December 2016; US Census Bureau





Consumer Choice/Competition (cont.)

State Video Franchise Holders (SVF) - the number of households with access to broadband speeds ≥ 25 Mbps down and 3 Mbps up or greater from SVF holders continues to increase.





Economic Prosperity is Challenging to Measure

Communications Division programs **currently** measure:

- Dollars distributed to service providers/individuals.
- Number of participants enrolled in programs.
- Number of service providers offering services funded by programs.
- Broadband speeds.





Encouraging Innovation and Choice through Distributed Energy Resources (DERs)

		Trends		2018 data	2017 data
BTM Solar					
% of CAISO peak (NQC)*		Change	% Change	6%	5%
Installed capacity		+1,000 MW	+16%	7,228 MW	6,228 MW
Installed projects		+109,826	+15%	835,252	725,426
Participation rate	PG&E			7.4%	6.6%
	SCE			5.9%	5.3%
	SDG&E			10.3%	3.0%
Self Generation Incentive Program					
% of CAISO peak (NQC)*				4%	4%
Installed capacity (various tech)		+66 MW	+21%	384 MW	318 MW
Storage capacity		+34 MW	+340%	44 MW	10 MW
Demand Response					
% of CAISO peak (NQC)*				5%	4%
IOU DR portfolios		-5 MW	-0.3%	1,917 MW	1,922 MW
DRAM		+57 MW	+46%	182 MW	125 MW
LCR contracts (delivering)		+22 MW	+169%	35 MW	13 MW
Energy Efficiency					
Electric - Capacity Savings		+86 MW	+12%	791 MW	705 MW
Electric - Energy Savings		-273 MW	-8%	3,261 GWhs	3,534 GWhs
Gas Savings				91 mil. Therms	Not reported





DER Action Plan Achievements

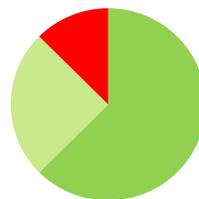
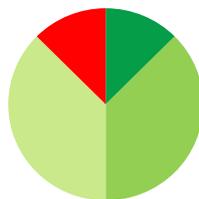
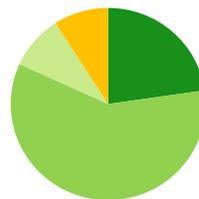
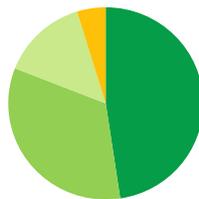
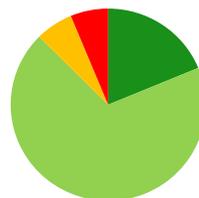
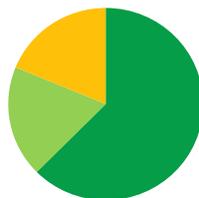
Track 1: Rates and Tariffs

Track 2: Distribution Planning, Infrastructure, Interconnection, and Procurement

Track 3: Wholesale DER Market Integration and Interconnection

2019

2018



- Completed
- On Track
- Deferred (Intentionally Delayed)
- Delayed
- Off Track or Not Scoped

➤ 13 additional action elements completed (out of 45 total)





Strategic Directive 07 – Economic Prosperity

1) Encourage regulated entities to purchase goods and services competitively from a wide and diverse range of potential suppliers;

2) Encourage innovation, competition, and consumer choice in the services and technologies available to consumers;

3) Analyze and seek to minimize the costs and adverse economic impacts of regulatory actions.





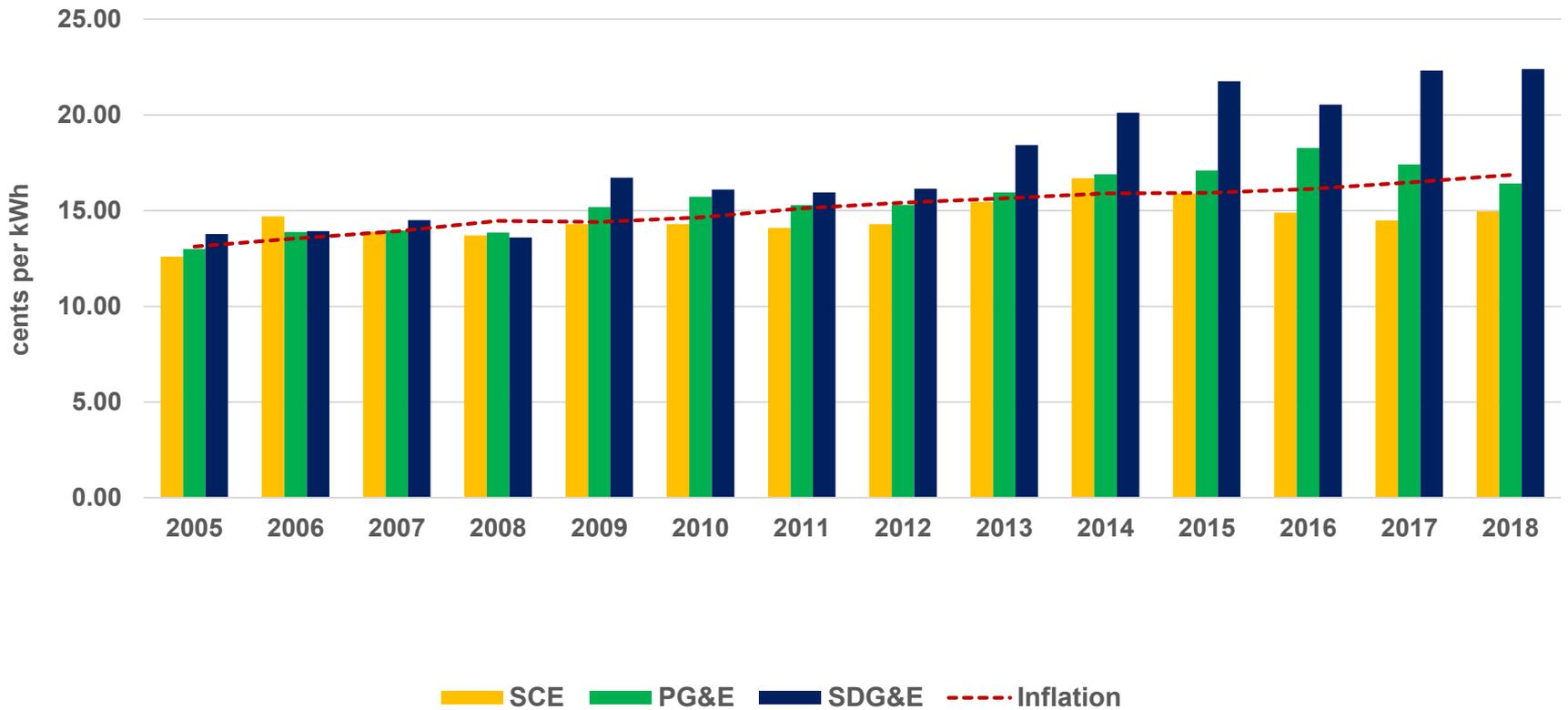
The “Florio Report”

- Since 2014 Energy Division has prepared a year-end report summarizing how the large energy utilities’ revenue requirements changed over the course of a calendar year based on Commission decisions. The report contains some confidential information.
- A report for 2018 was not created due to resource constraints.
- Energy Division is developing a new reporting process to monitor rate impacts of individual proceedings. A status report of that process will be provided to the Emerging Trends Committee in September.





Trends in Electric Utility Rates, 2005 through 2018





Electric Revenue Requirement Increases from 2018 to 2019 for the Large Investor Owned Utilities (in thousands of dollars \$000) (CPUC and FERC Jurisdictional Revenues)

Estimated Electric Revenue Requirement Changes from 2018 to 2019 (in thousands of dollars \$000)

Utility	2019 CPUC	2018 CPUC	Difference (\$ Thousands)	% Change	2019 Transmission (FERC)	2019 Total Company	Source
PG&E*	11,162,000	11,121,385	40,615	0.37%	2,033,000	13,195,000	PG&E 5573-E, 5376-E-A
SCE	10,103,751	11,194,910	-1,091,159	-9.75%	1,016,889	11,120,640	SCE 4043-E
SDG&E	3,578,395	3,815,579	-237,184	-6.22%	547,195	4,125,590	SDG&E 3326-E

- **2019 numbers are mid-year estimates.**
- Shows year over year revenue impacts for each IOU at the state and federal jurisdictional levels.





Gas Revenue Requirement Changes (Decreases) from 2017 to 2018 for the Large Investor Owned Utilities (in thousands of dollars \$000)

Total Year Over Year Change for PG&E, SDG&E, and SoCalGas

	2017	2018	% Change 2017-2018
Core Procurement	2,465,182	2,067,169	-16.15%
Transportation	6,275,397	6,458,407	2.92%
Public Purpose Programs	647,260	604,622	-6.59%
Total	9,387,839	9,130,198	-2.74%

2018 Revenue Requirement by Utility and Rate Component

	PG&E	SDG&E	SoCalGas	Total
Core Procurement	879,270	139,506	1,048,393	2,067,169
Transportation	3,343,689	373,133	2,741,585	6,458,407
Public Purpose Programs	248,026	33,186	323,410	604,622
TOTAL	4,470,985	545,825	4,113,388	9,130,198

- Total Revenue Requirement has declined year over year, largely due to major decreases in core procurement costs.





Suggested Metrics to Analyze for Minimizing the Costs and Adverse Economic Impacts of Regulatory Actions

- Use the “Florio Report” going forward as a measure of totality of decision on rates.
- Examining rate trends is already a metric in other Strategic Directives but can be used here as well.
- **New Utility Cost & Rates Tracking System:**
 - **Purpose:** As a follow up to direction from the Commission subcommittee on Emerging Trends, Energy Division is developing a cost and rate tracking system in partnership with the electric IOUs that will engender greater visibility into individual and cumulative ratepayer impacts of applications for programs and policies.
 - **Objectives:**
 - (1) To intake, manage, and evaluate cost, rate, and bill impact data from utilities by incremental filing and on a quarterly (summary) basis.
 - (2) To present results, trends and findings to Commissioners and staff to better inform decision-making, utility rates and revenue requirement, and program implementation.
 - **Next steps:** Anticipate more detailed update at September meeting of the Emerging Trends Committee.

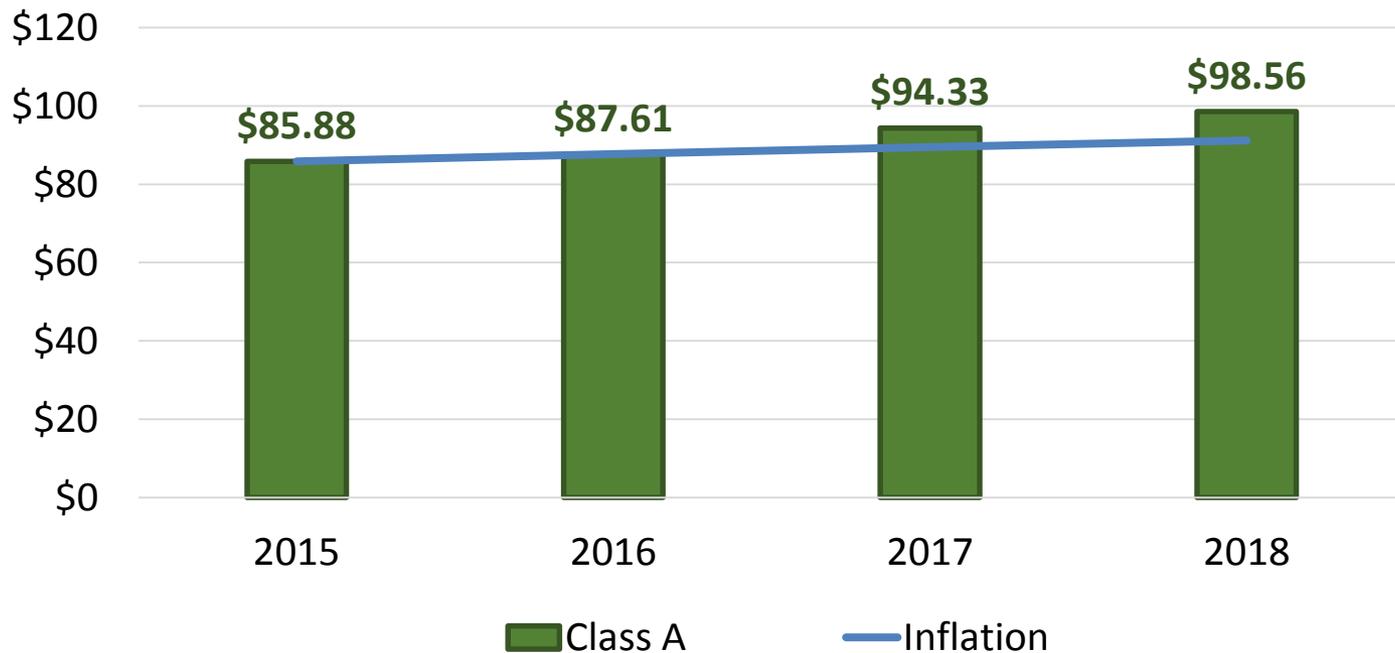




Trend in Water Utility Rates

Class A Water Utilities

Average Monthly Revenue per Connection*



*Residential & Commercial





Revenue Requirement Impact

Most Recent General Rate Case Decisions

<u>CLASS A</u>	Apple Valley	Park	Great Oaks	Cal Water	San Gabriel
Decision	D.15-11-030	D.16-01-009	D.16-05-041	D.16-12-042	D.17-06-008
Revenue Increase	\$4,518,400	\$2,057,800	-\$1,154,000	\$23,502,600	\$22,547,400
Test Year	2015	2016	July 2016	2017	July 2017
Percentage*	25.3%	6.2%	-6.8%	3.8%	18.8%

<u>CLASS A</u>	San Jose	Cal-Am	Suburban	Golden State
Decision	D.18-11-025	D.18-12-021	D.19-05-029	D.19-05-044
Revenue Increase	\$16,378,000	\$16,210,400	\$4,864,400	\$13,747,000
Test Year	2019	2018	2018	2019
Percentage*	4.6%	7.8%	6.4%	4.6%

*Adopted Test Year Revenues over Present Revenues





Compliance with Strategic Directive 07

- CPUC staff believe the organization is substantially in compliance with Strategic Directive 07.





Questions?

